

LEGISLATIVE RESEARCH COMMISSION

INSURANCE ISSUES



**REPORT TO THE
1999 GENERAL ASSEMBLY
OF NORTH CAROLINA**

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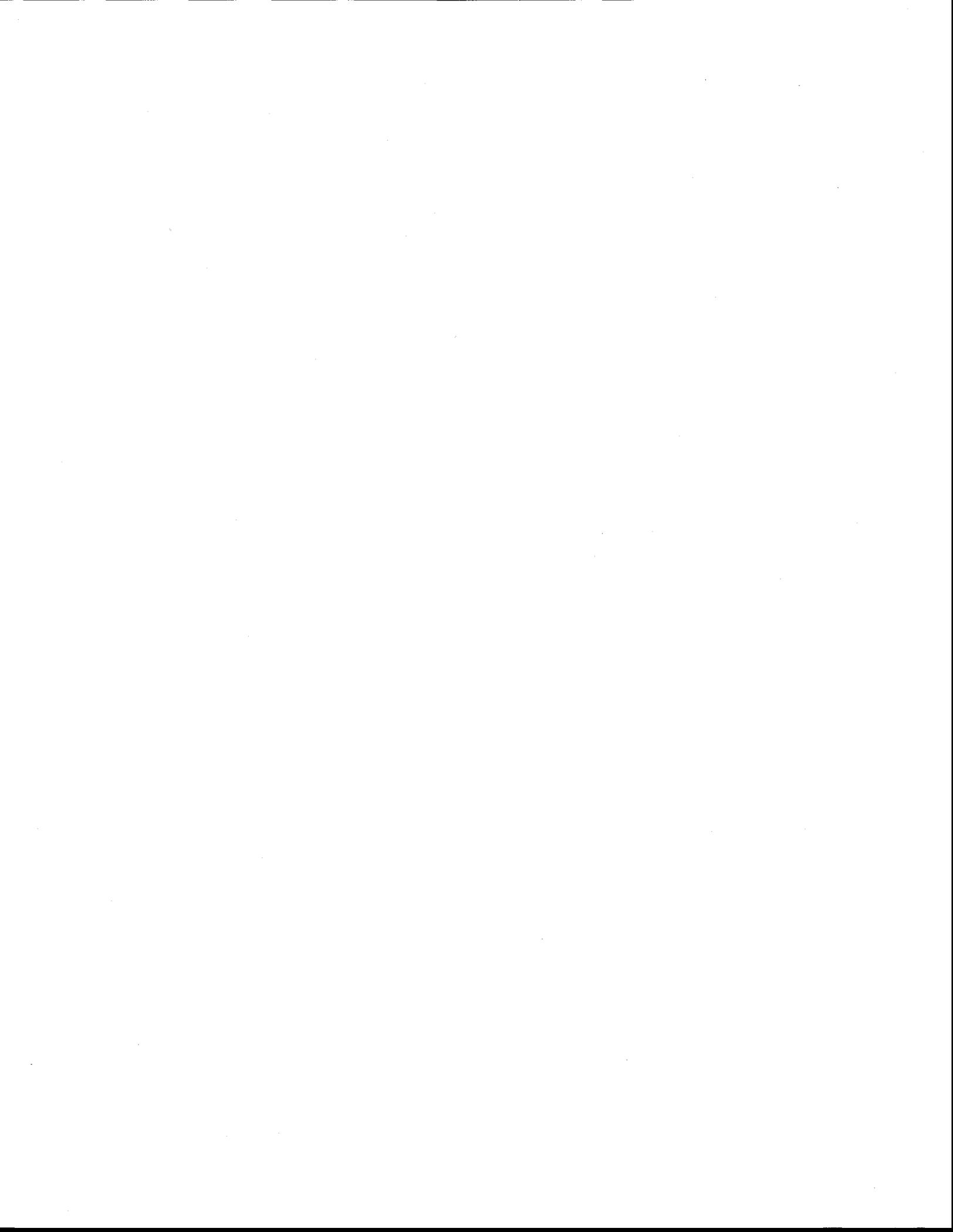
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STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
STATE LEGISLATIVE BUILDING
RALEIGH 27601-1096
January 12, 1999

TO THE MEMBERS OF THE 1999 GENERAL ASSEMBLY:

The Legislative Research Commission herewith submits to you for your consideration its report on coastal insurance availability. The report was prepared by the Legislative Research Commission's Committee on Insurance Issues pursuant to G.S. 120-30.17(1).

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Harold J. Brubaker".

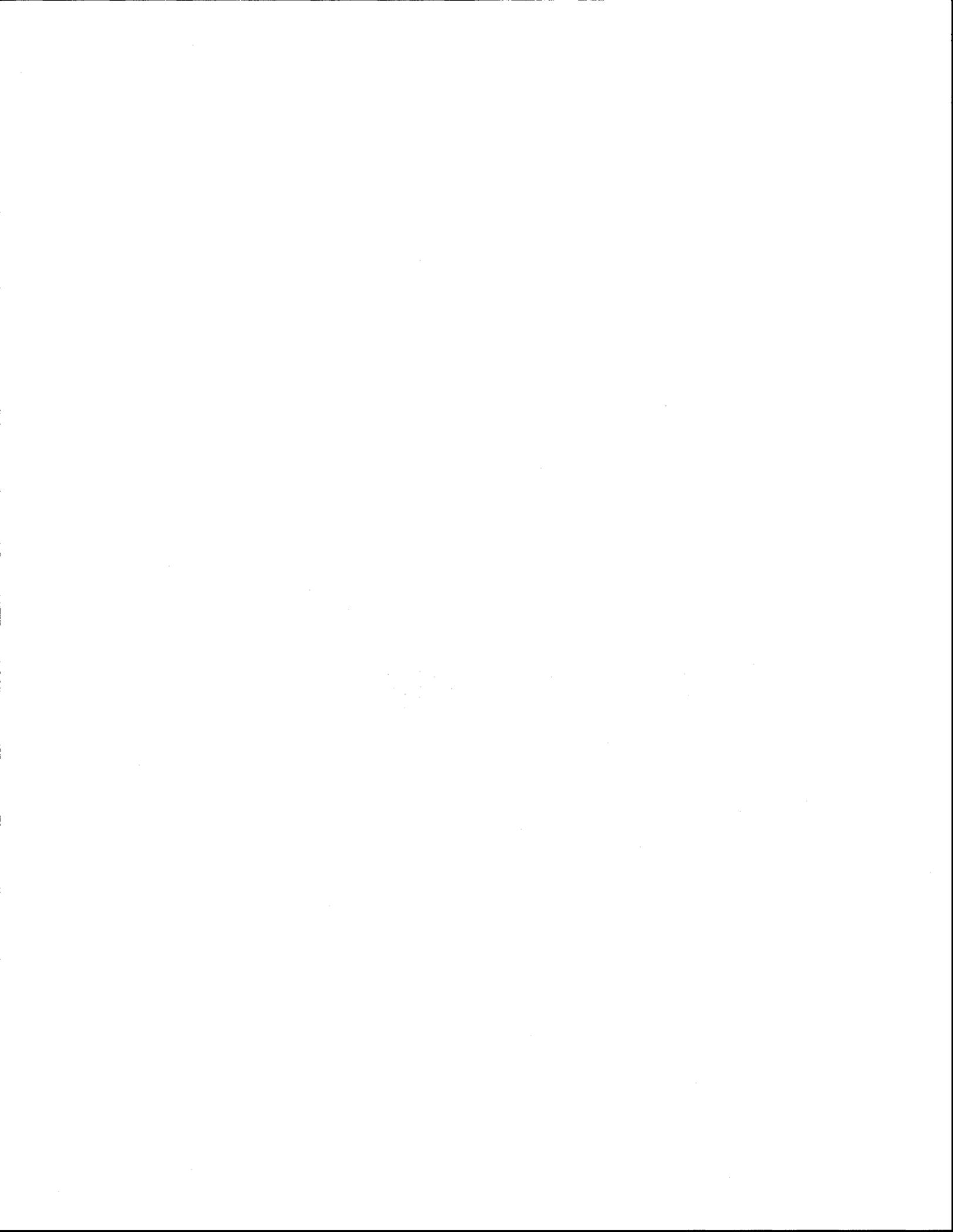
Harold J. Brubaker
Speaker of the House

A handwritten signature in black ink, appearing to read "Marc Basnight".

Marc Basnight
President Pro Tempore

Cochair
Legislative Research Commission





1997-1999

LEGISLATIVE RESEARCH COMMISSION

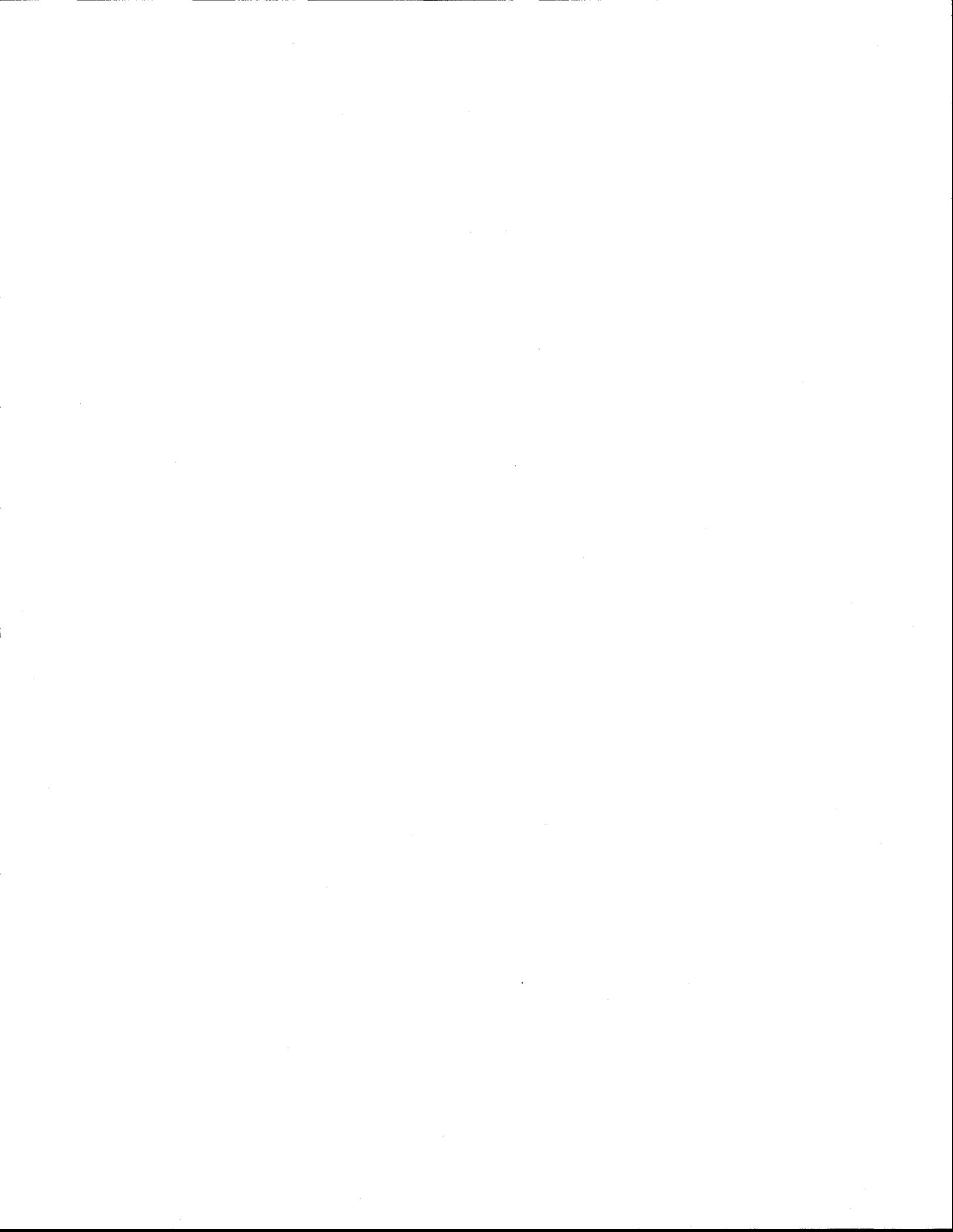
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Marc Basnight, Cochair

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Sen. Frank W. Ballance, Jr.
Sen. Jeanne H. Lucas
Sen. R.L. Martin
Sen. Ed N. Warren

Speaker of the House of Representatives
Harold J. Brubaker, Cochair

Rep. Michael P. Decker, Sr.
Rep. Jerry C. Dockham
Rep. Beverly Earle
Rep. W. Eugene McCombs
Rep. Gregory J. Thompson

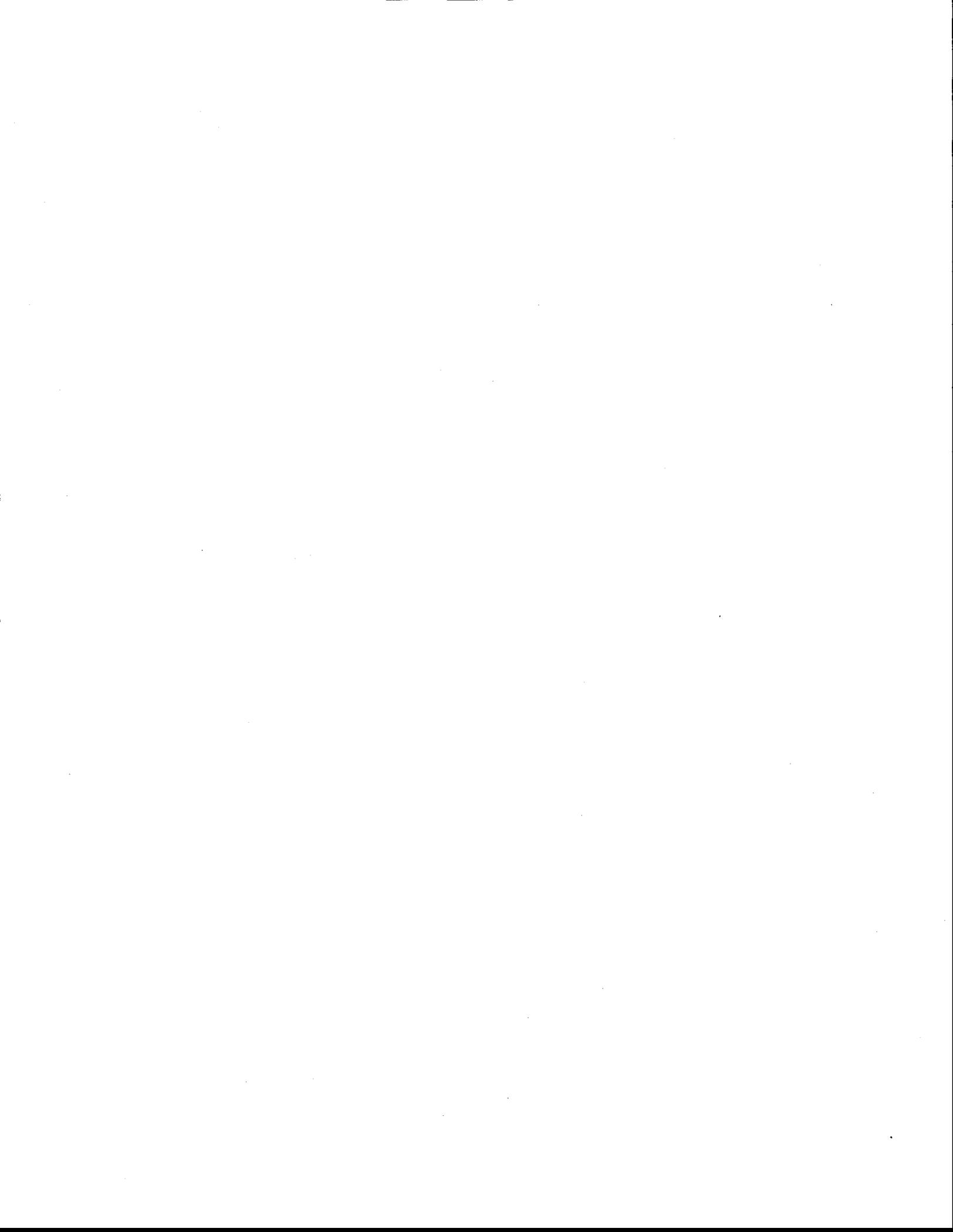


PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is the general purpose study group in the Legislative Branch of State Government. The Commission is cochaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

The Legislative Research Commission, prompted by actions during the 1997 Session, has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Cochairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Cochairs, one from each house of the General Assembly, were designated for each committee.

The study of coastal insurance issues was authorized by Section 11 of Chapter 498 of the 1997 Session Laws. Section 11 of Chapter 498 is included in Appendix A. The Legislative Research Commission authorized this study under authority of G.S. 120-30.17(1) and grouped this study in its Insurance, Property, and Annexation Grouping under the direction of Representative Jerry Dockham. The Committee was chaired by Senator R.C. Soles, Jr. and Representative Bobby Barbee. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.



COMMITTEE PROCEEDINGS

DECEMBER 3, 1998

The Committee met December 3, 1998, to complete its review of House Bill 452 from the 1997 session. Linwood Jones, Commission Counsel, gave an overview of the Committee's past work. Mr. Jones reviewed the results of the Committee's recommendations to the 1998 session of the General Assembly. The Committee had recommended renewal of the Commissioner of Insurance's authority to institute joint underwriting associations (JUAs) for insurance coverages not readily available in the marketplace. The recommended legislation (SB 1114) passed the Senate (with minor amendments), but was not considered in the House. A similar JUA proposal that was in a technical insurance bill pending from the 1997 session (SB 843) also failed when Senate Bill 843 was not enacted. Mr. Jones also stated that the chairmen of the Committee, in accordance with the Committee's instructions, had written to the approximately 17 insurance companies that had not supplied complete data to the NC Insurance Underwriting Association ("Beach Plan") on their coastal writings to encourage them to submit the data as soon as possible. Mr. Jones noted that in response to the letter and the help of Mr. Willey on this matter, all of the carriers had responded.

Mr. Dewey Meshaw, general manager of the North Carolina Insurance Underwriting Association (Beach Plan), spoke about House Bill 452 and a few related matters. Mr. Meshaw provided reports (see Appendix E) showing "coastal" policy counts in the 18 county area covered by House Bill 452. ("Coastal" policies are the wind-only policies written in the 18-county area, excluding policies written in the beach area). From the inception of the new coastal coverage through November 1st, 2095 habitational policies had been issued, and 169 commercial coastal policies had been issued. A more detailed analysis of these policy counts is included in the information in Appendix E.

Mr. Meshaw also pointed out that the Association would, through its plan of operation, fix a problem in coverage for wind-driven rain. The problem is that a Beach Plan wind-only policy is a named-peril coverage while a homeowners' policy is an open-peril coverage for wind. The effect of this is that the more narrow named-peril wind coverage results in wind-driven rain being excluded from coverage in a Beach Plan wind policy. Mr. Meshaw said that the Association had remedied this concern, and the change would take effect January 1, 1999.

Mr. Willey and Representative Redwine asked Mr. Meshaw about getting current data on how much business each insurance carrier is writing on the coast and the beaches. This data would then be compared to similar data a year from now to determine what kind of progress is being made in making insurance more available in the coastal area. There was discussion about the proprietary nature of identifying each company's writings.

Mr. Meshaw felt that the coastal insurance concerns could not be legislatively "fixed" and suggested letting the interested parties (agents, companies, realtors, the Department, etc.) work together privately – perhaps on developing a separate policy for the beach area. Mr. Meshaw did not favor a proposal that has been privately discussed over the last year or two to administer the Beach Plan through a "reinsurance facility" mechanism. Mr. Meshaw also noted that the Beach Plan has rates that are fairly adequate (with persons paying more for coverage on the coast) and that people in other areas of the State were not subsidizing the beach and coastal area residents.

Mr. Dascheil Propes, Chief Deputy Commissioner of the North Carolina Department of Insurance, spoke and asked for the Committee's support of the proposal to restore the joint underwriting association authority of the Commissioner. Mr. Propes also noted that the idea for a separate beach policy – one that would address the carriers' objections – had been discussed by an earlier ad hoc beach plan committee but was put on hold in favor of working on the participation formula changes that were eventually made. Mr. Propes said that he did not yet know if the formulas were totally adequate but that they could be adjusted by the Beach Plan

without legislation. Mr. Propes also stated that he wanted to ensure that companies would be interested in marketing a separate beach policy before trying to work out all of the details on such a policy. Mr. Propes indicated that some companies were still discounting policies in the beach and coastal areas and that these companies, if they wanted a rate increase, could eliminate those discounts. Some of the carriers have eliminated discounts over the past few years. Mr. Propes also noted that the Department has not requested that the rate cap on Beach Plan wind-policies sold in the coastal area (set to expire at the end of next year) be extended.

Mr. Michael Davenport of the Outer Banks Association of Realtors spoke briefly to the Committee, reminding the Committee of the continued problems realtors in the beach and coastal areas are having in obtaining affordable property insurance for homeowners. Mr. Davenport felt that House Bill 452 was not bringing the companies back to the beach area. He supported the restoration of the Commissioner's joint underwriting authority.

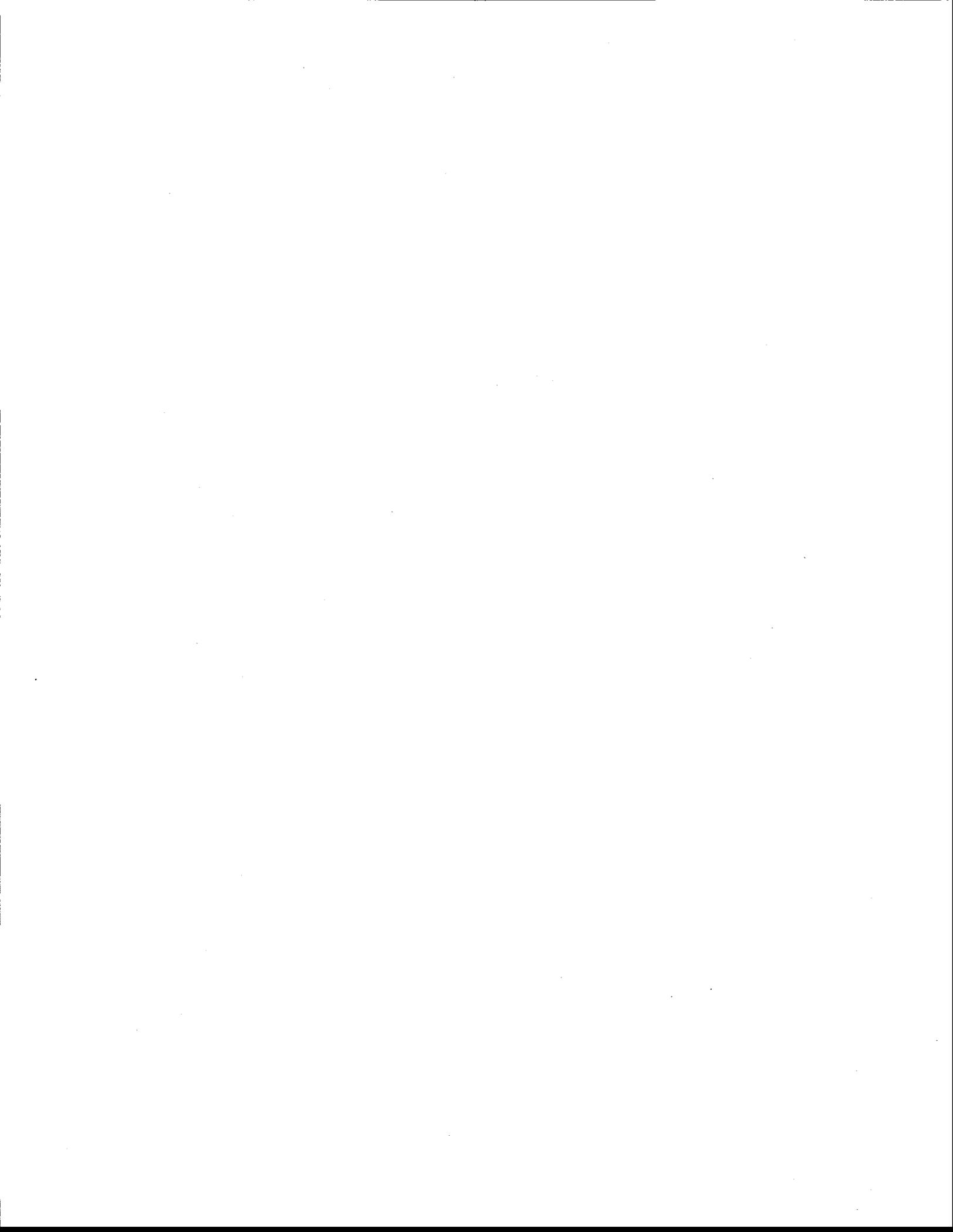
Mr. Gerald Bell, Assistant Vice President for Commercial and Property Lines of the National Association of Independent Insurers, gave the committee an insurance industry perspective on the coastal insurance market. Mr. Bell felt that there had been some erosion over the past decades in the independent insurance agency system, which had left some agents with less of a market, although insurance was still available in those market areas. Mr. Bell noted that insurance companies may be unwilling to write along the coast for several reasons, including increases over the past 10 years in hurricane frequency and severity in the United States.

Mr. Bell believes that the role of government in this area is as follows: (1) support loss mitigation; (2) engage in responsible long-range planning; (3) ensure that rates are neither excessive nor inadequate; (4) support surveys to determine what the problems are and where they are; (5) have the Beach Plan break down coastal policies by county and by agent so that the exact nature of the problem can be identified; (6) look at possible new types of coverage, as mentioned by Mr. Meshaw.

Mr. Jones presented the Committee with a list of issues that could be studied by an ad hoc committee and reported back to the General Assembly. The issues to be studied were as follows:

- Whether the temporary rate cap on wind-only policies purchased in the coastal area should be extended beyond December 31, 1999.
- Whether a coverage form can be developed for the coastal property market that addresses carriers' underwriting concerns and provides an affordable alternative to consumers, and whether carriers will market the form. Mr. Jones noted that the wording of this particular provision will allow the ad hoc committee to gauge carriers' interest in marketing the form before spending an inordinate amount of time developing a form that would not be marketed.
- Whether the Beach Plan should be administered through a reinsurance facility concept.
- Other means of encouraging carriers to write more homeowners' insurance policies, with wind coverage, in the beach and coastal areas.
- The proposal provided for an interim reporting date of April 1, 1999, and a final reporting date of December 1, 1999. The purpose of the interim April 1, 1999, date was primarily to get the recommendation of the ad hoc committee on whether the rate cap should be extended. The cap expires at the end of 1999 unless the General Assembly takes action during the 1999 session to extend it. It was also agreed that this proposal should be carried forward as a general recommendation of the Committee rather than as a bill, because waiting on the passage of a bill would delay the formation and work of the ad hoc committee. In addition, the bill likely could not be ratified prior to the interim April 1, 1999 reporting date. The Department of Insurance provided assurance to the Committee that it would convene the ad hoc committee and have any recommendations to the General Assembly at the appropriate time.

The Committee approved the creation of the ad hoc committee and recommended legislation to restore the Commissioner's JUA authority. The Committee voted to forward its final recommendations and report to the Legislative Research Commission.



FINDINGS AND RECOMMENDATIONS

The Committee recommends the following:

(1) The authority of the Commissioner of Insurance to require insurers to form joint underwriting associations, when necessary to provide insurance coverage that is not readily available and which the Commissioner finds the public interest requires (after notice and hearing), should be restored. See Appendix C for the legislative proposal and Appendix D for an explanation of the proposal.

(2) The Department of Insurance, in consultation with the North Carolina Insurance Underwriting Association, the insurance industry, agents, realtors, homebuilders, and others should review the implementation of House Bill 452 (1997 Session) and other issues affecting coastal insurance availability and affordability, including:

- Whether the temporary rate cap on wind-only policies purchased in the coastal area should be extended beyond December 31, 1999.
- Whether a coverage form can be developed for the coastal property market that addresses carriers' underwriting concerns and provides an affordable alternative to consumers, and whether carriers will market the form.
- Whether the Beach Plan should be administered through a reinsurance facility concept.
- Other means of encouraging carriers to write more homeowners' insurance policies, with wind coverage, in the beach and coastal areas.

The Department should report to the General Assembly no later than April 1, 1999, with its preliminary findings and recommendations and no later than December 1, 1999, with final findings and recommendations.

APPENDIX A

GENERAL ASSEMBLY OF NORTH CAROLINA
1997 SESSION

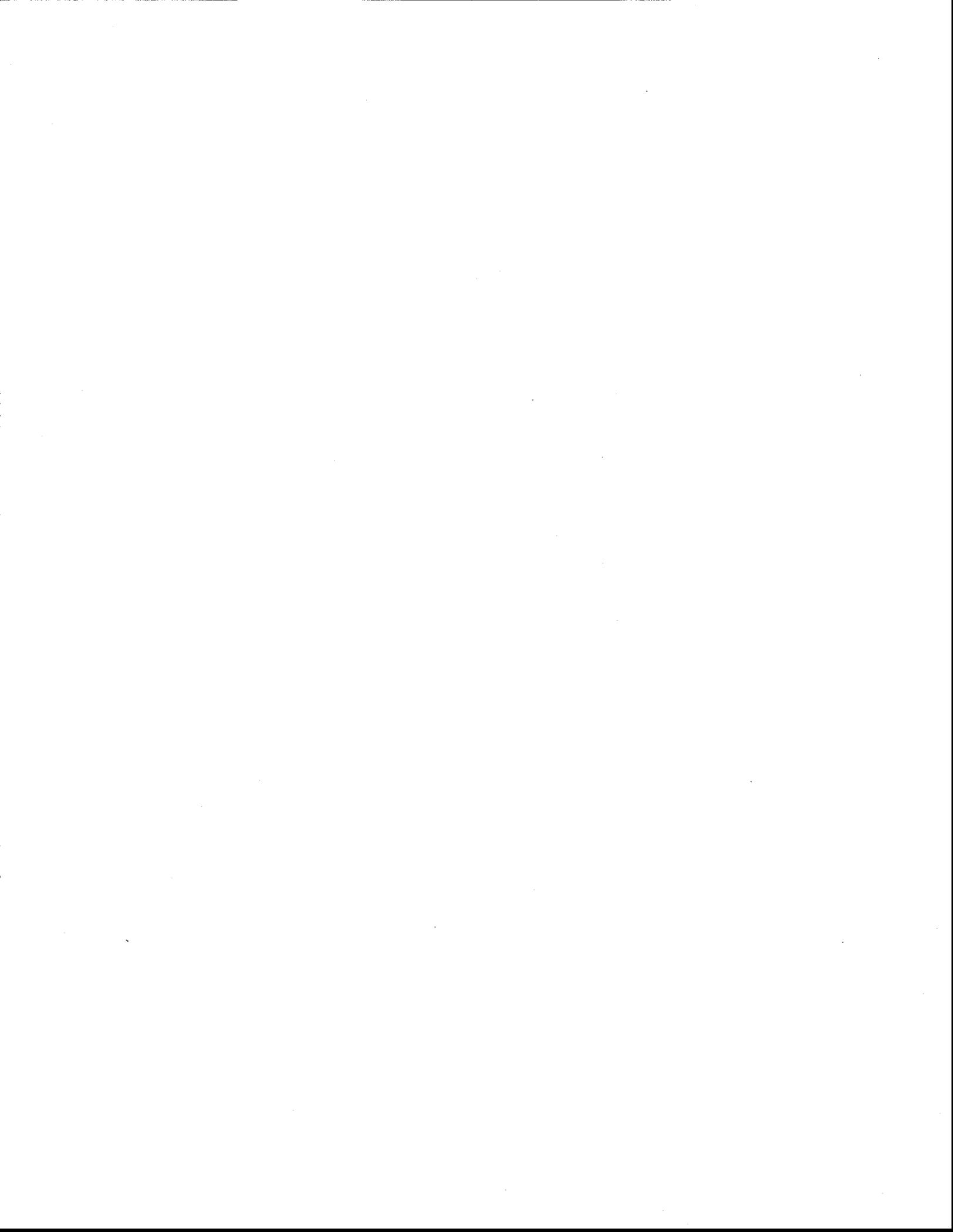
S.L. 1997-498
HOUSE BILL 452
(in part)

AN ACT TO AMEND THE BEACH PLAN PARTICIPATION FORMULA, PROVIDE FOR WINDSTORM AND HAIL INSURANCE IN COASTAL COUNTIES, AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO STUDY THE AVAILABILITY OF PROPERTY INSURANCE IN THE STATE, AND REVISE OTHER STATUTES RELATED TO THE INSURANCE UNDERWRITING ASSOCIATION.

.....

Section 11. The Legislative Research Commission may study the provisions of Articles 45 and 46 of Chapter 58 of the General Statutes, other relevant portions of the North Carolina General Statutes, and the plans and operations of the North Carolina Insurance Underwriting Association and the North Carolina Joint Underwriting Association. The Commission may consider all possible options to improve availability of property and homeowners insurance in the State. The Commission may report its findings and recommendations, along with legislation, to the 1998 Regular Session of the 1997 General Assembly and to the 1999 General Assembly.

.....



APPENDIX B

INSURANCE ISSUES COMMITTEE 1997-1999

Pro Tem's Appointments

Sen. R.C. Soles, Jr., Cochair
PO Box 6
Tabor City, NC 28463
(910) 653-3948

Sen. Thomas K. Jenkins
PO Box 626
Franklin, NC 28734
(704) 524-8488

Sen. Robert L. Martin
PO Box 387
Bethel, NC 27812
(919) 825-4361

Mr. Bill Smith
902 East Garrison Boulevard
Gastonia, NC 28054

Mr. Fletcher Wiley
2917 South Croatan Highway
Nags Head, NC 27959

Mr. Mark Wright
101 Live Oaks Street
Tabor City, NC 28463

LRC Member

Rep. Jerry C. Dockham
PO Box 265
Denton, NC 27239
(910) 859-2281

Staff:

Linwood Jones
Research Division
(919) 733-2578

Speaker's Appointments

Rep. Bobby H. Barbee, Sr., Cochair
PO Box 700
Locust, NC 28097
(704) 888-4422

Mr. John A. Cocklereece
1308 McDowell Drive
Greensboro, NC 27408

Rep. Arlie F. Culp
8521 US Highway 64 East
Ramseur, NC 27316
(919) 824-2218

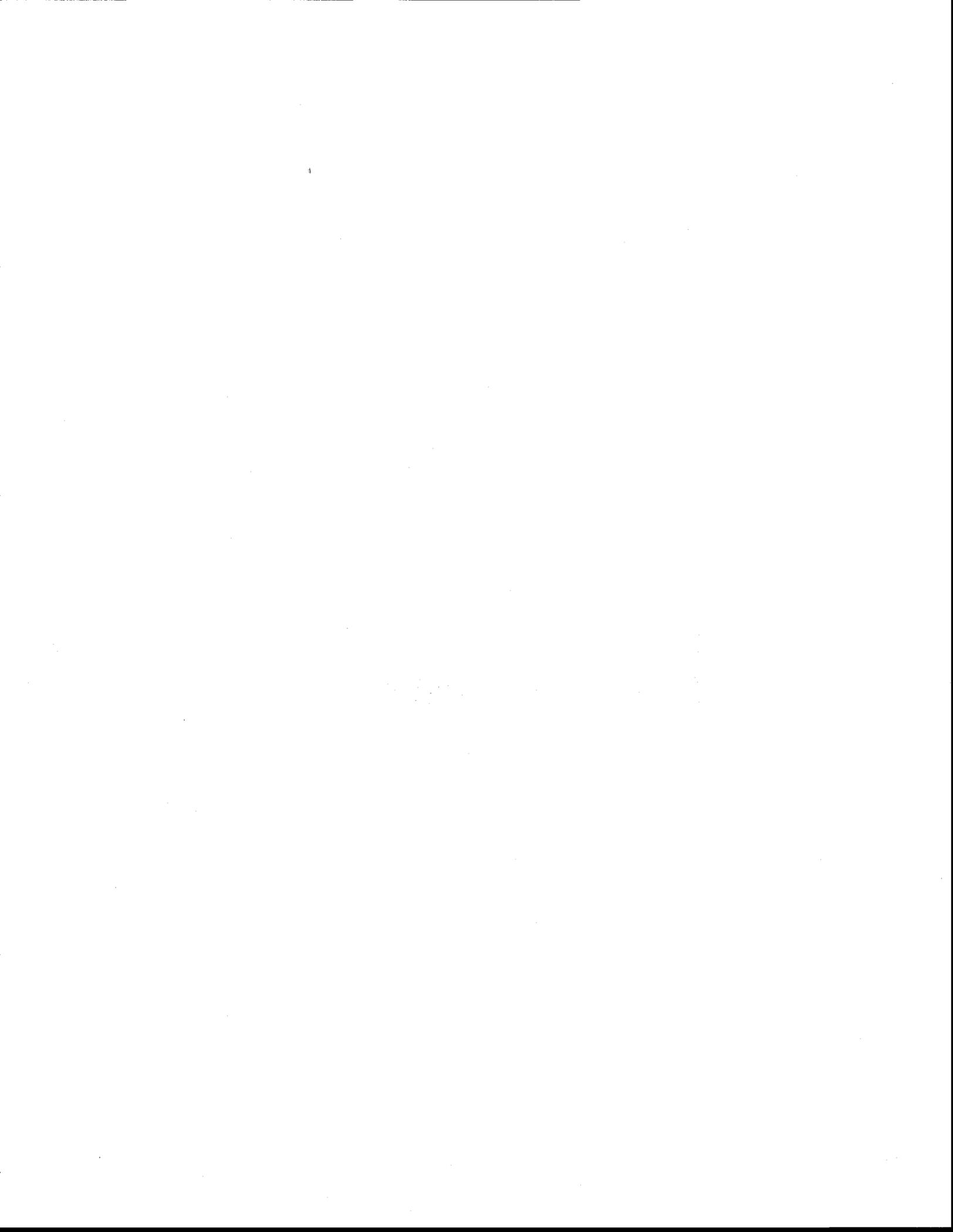
Mr. Bill Lowry
5030-D New Centre Drive
Wilmington, NC 28403

Rep. Edd Nye
209 Ben Street
Elizabethtown, NC 28337
(910) 862-3679

Rep. E. David Redwine
PO Box 283
Shalotte, NC 28459
(910) 754-4326

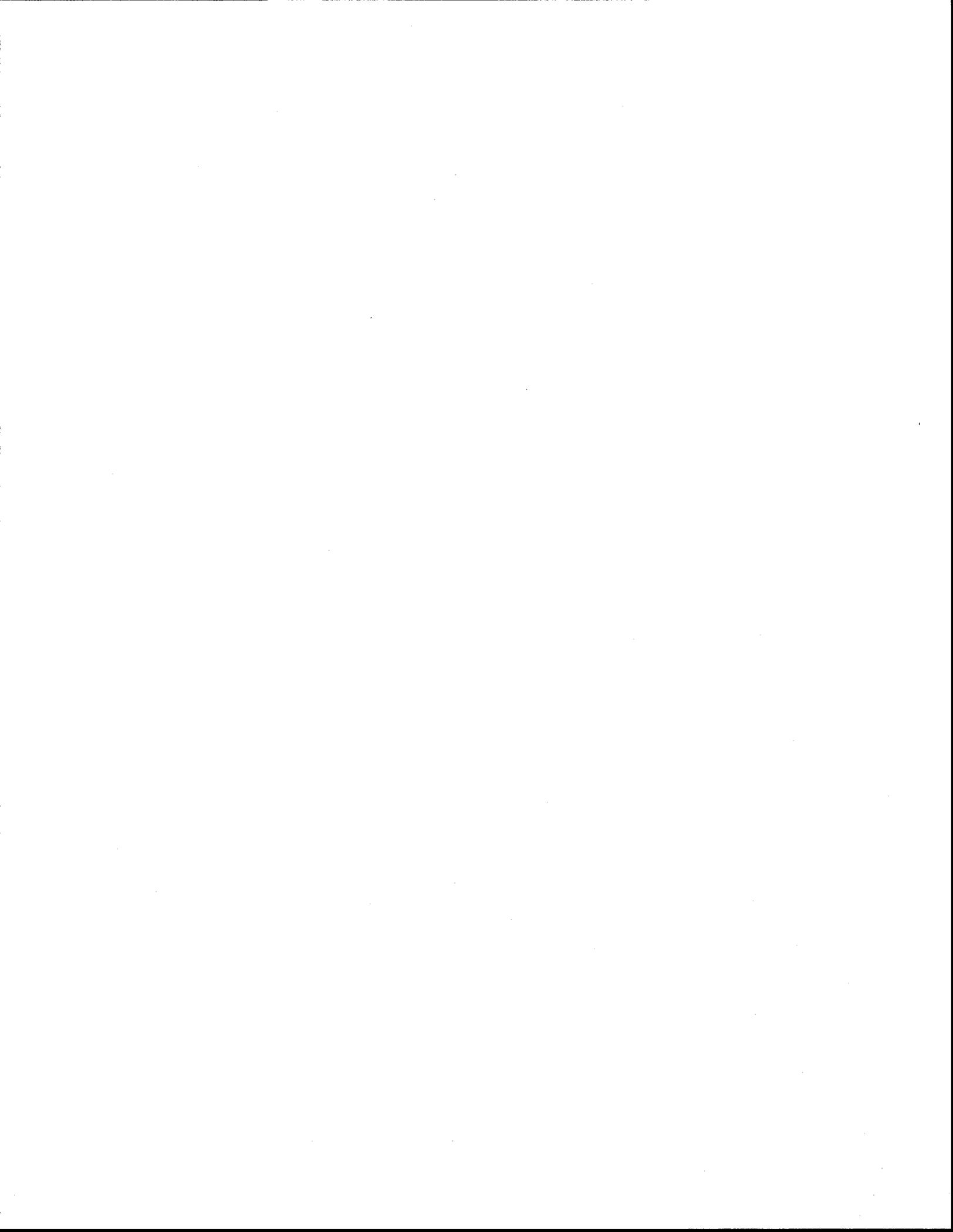
Clerk:

Joanna Mills
(919) 733-5822



APPENDIX C

RECOMMENDED LEGISLATION



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

DRAFT

D

THIS IS A DRAFT
99-RNZ-001

Short Title: JUA Reauthorization.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REENACT THE 1986 LAW PROVIDING FOR RISK-SHARING PLANS,
3 TO AMEND THE IMMUNITY STATUTES FOR THE FAIR AND BEACH PLANS,
4 AND TO MAKE A TECHNICAL AMENDMENT IN THE BEACH PLAN LAWS.
5 The General Assembly of North Carolina enacts:
6 Section 1. Article 42 of Chapter 58 of the General
7 Statutes, which expired July 1, 1997, is reenacted.
8 Section 2. G.S. 58-42-1, as reenacted in Section 1 of
9 this act, reads as rewritten:
10 "**§ 58-42-1. Establishment of plans.**
11 If the Commissioner finds, after a hearing held in accordance
12 with ~~G.S. 58-2-50~~, Article 3A of Chapter 150B of the General
13 Statutes that in all or any part of this State, any amount or
14 kind of insurance authorized by G.S. 58-7-15(4) through G.S.
15 58-7-15(22) is not readily available in the voluntary market and
16 that the public interest requires the availability of that
17 insurance, he may either:
18 (1) Promulgate plans to provide insurance coverage for
19 any risks in this State that are, based on
20 reasonable underwriting standards, entitled to
21 obtain but are otherwise unable to obtain coverage;
22 or
23 (2) Call upon insurers to prepare plans for his
24 approval."

1 Section 3. G.S. 58-42-45, as reenacted by Section 1 of
2 this act, reads as rewritten:

3 "**§ 58-42-45. Article ~~not~~ subject to Administrative Procedure**
4 **~~Act. Act; legislative oversight of plans.~~**

5 (a) The provisions of Chapter 150B of the General Statutes
6 shall ~~not~~ apply to this Article, ~~except that G.S. 150B-39 and~~
7 ~~G.S. 150B-41 apply to hearings conducted under G.S. 58-42-1.~~
8 Article.

9 (b) At the same time the Commissioner issues a notice of
10 hearing under G.S. 150B-38, the Commissioner shall provide copies
11 of the notice to the Joint Legislative Administrative Procedure
12 Oversight Committee and to the Joint Legislative Commission on
13 Governmental Operations. The Commissioner shall provide the
14 Committee and Commission with copies of any plan promulgated by
15 or approved by the Commissioner under G.S. 58-42-1(1) or (2)."

16 Section 4. G.S. 58-42-55, as reenacted in Section 1 of
17 this act, reads as rewritten:

18 "**§ 58-42-55. Expiration.**

19 This Article shall expire on July 1, ~~1997.~~ 2001."

20 Section 5. G.S. 58-45-60 reads as rewritten:

21 "**§ 58-45-60. Association and Commissioner immune from liability.**

22 There shall be no liability on the part of and no cause of
23 action of any nature shall arise against ~~the Commissioner or any~~
24 ~~of his staff, the Association or its agents or employees, or~~
25 ~~against any participating insurer, for any inspections made~~
26 ~~hereunder or any statements made in good faith by them in any~~
27 ~~reports or communications concerning risks submitted to the~~
28 ~~Association, or at any administrative hearings conducted in~~
29 ~~connection therewith under the provisions of this Article. any~~
30 member insurer, the Association or its agents or employees, the
31 board of directors, or the Commissioner or his representatives
32 for any action taken by them in good faith in the performance of
33 their powers and duties under this Article."

34 Section 6. G.S. 58-46-35 reads as rewritten:

35 "**§ 58-46-35. Reports of inspection made available; immunity from**
36 **liability.**

37 All reports of inspection performed by or on behalf of the
38 association shall be made available to the members of the
39 association, applicants and the Commissioner. There shall be no
40 liability on the part of and no cause of action of any nature
41 shall arise against ~~the Commissioner, any of his staff, the~~
42 ~~association or any of its agents or employees, or against any~~
43 ~~participating insurer for any inspections made hereunder or any~~
44 ~~statements made in good faith by them in any reports or~~

1 ~~communications concerning risks submitted to the association, or~~
2 ~~at any administrative hearing conducted in connection therewith~~
3 ~~under the provisions of this Article. any member insurer, the~~
4 ~~Association or its agents or employees, the board of directors,~~
5 ~~or the Commissioner or his representatives for any action taken~~
6 ~~by them in good faith in the performance of their powers and~~
7 ~~duties under this Article."~~

8 Section 7. G.S. 58-45-15 reads as rewritten:

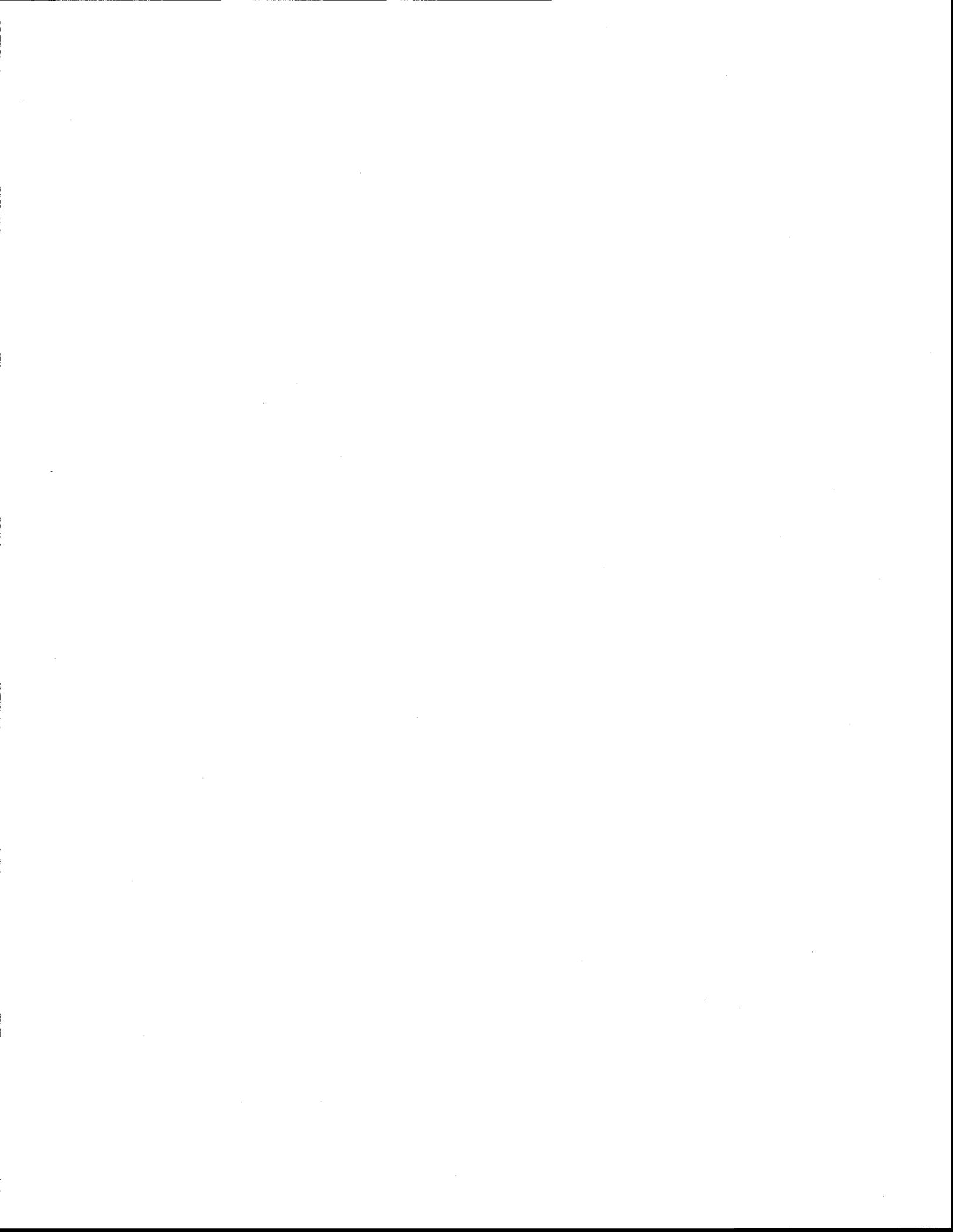
9 "**§ 58-45-15. Powers and duties of Association.**

10 The Association shall, pursuant to the provisions of this
11 Article and the plan of operation, and with respect to ~~essential~~
12 ~~property insurance on insurable property,~~ the insurance coverages
13 authorized in this Article, have the power on behalf of its
14 members:

- 15 (1) To cause to be issued policies of insurance to
16 applicants;
17 (2) To assume reinsurance from its members;
18 (3) To cede reinsurance to its members and to purchase
19 reinsurance in behalf of its members."

20 Section 8. If any section or provision of this act is
21 declared unconstitutional or invalid by the courts, it does not
22 affect the validity of the act as a whole or any part other than
23 the part so declared to be unconstitutional or invalid.

24 Section 9. This act is effective when it becomes law.



APPENDIX D

EXPLANATION OF RECOMMENDED LEGISLATION

Sections 1 through 4 of the proposed legislation restore the authority of the Commissioner of Insurance to create risk-sharing plans or require insurance companies to prepare such plans. This authority was first given to the Commissioner of Insurance in 1986 as a means to address problems with malpractice insurance availability. It can also be used to address availability problems with certain other types of insurance, including property insurance. This authority, more commonly known as "JUA (joint underwriting association) authority," typically expires every two years or so, but the General Assembly has always renewed the authority before it expires until last year. Last year, the renewal provision was included in an insurance bill that stalled at the very end of the session. As a result, the Commissioner's JUA authority expired July 1, 1997. Under this proposal, the authority would be reauthorized until July 1, 2001.

Under the JUA authority, if the Commissioner finds, after a public hearing, that insurance (in this case, property insurance along the coast) is not readily available in the voluntary market and that the public interest requires that it be made available, he can order property insurers to band together into a joint underwriting association and jointly underwrite all eligible property risks that no individual insurer is willing to voluntarily insure.

In addition, Section 3 adds a requirement that the Commissioner notify the Joint Administrative Procedures Oversight Committee and the Joint Legislative Commission on Governmental Operations when he intends to hold a hearing concerning the creation of a joint underwriting association. If, after the hearing, the Commissioner does in fact order the creation of a joint underwriting association, the plan under which the JUA will operate must also be filed with both the APA Oversight Committee and Governmental Operations.

Sections 5 and 6 of the bill rewrite the immunity clauses under the Beach and FAIR Plans. The immunity clauses protect the Beach and FAIR Plan employees, their agents, the Department of Insurance, and insurance companies from liability for good faith actions taken in carrying out their duties under the FAIR and Beach Plans.

Section 7 deletes a reference in the Beach Plan laws to the Beach Plan Association's duties with respect to "essential property insurance." The Beach Plan now offers more than just essential property insurance; thus, this conforming change is made.

Section 8 is a severability clause.

Section 9 makes this act effective when it becomes law.

APPENDIX E

BEACH PLAN DATA



**NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION
COASTAL POLICY COUNTS**

MONTH	HABITATIONAL TOTAL	HABITATIONAL GROWTH	COMMERCIAL TOTAL	COMMERCIAL GROWTH	COMBINED TOTAL	COMBINED GROWTH
Jan-98	51		5		56	
Feb-98	121	70	12	7	133	77
Mar-98	265	144	35	23	300	167
Apr-98	427	162	55	20	482	182
May-98	628	201	65	10	693	211
Jun-98	818	190	80	15	898	205
Jul-98	1076	258	108	28	1184	286
Aug-98	1397	321	123	15	1520	336
Sep-98	1696	299	139	16	1835	315
Oct-98	1891	195	155	16	2046	211
Nov-98	2095	204	169	14	2264	218

NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION
BEACH PLAN
AS OF NOVEMBER 30, 1998

AGGREGATE LIABILITY BY COUNTIES

COUNTY	BEACH HABITATIONAL LIABILITY *	BEACH HABITATIONAL COUNT	BEACH COMMERCIAL LIABILITY *	BEACH COMMERCIAL COUNT	WIND & HAIL HABITATIONAL LIABILITY *	WIND & HAIL HABITATIONAL COUNT	WIND & HAIL COMMERCIAL LIABILITY *	WIND & HAIL COMMERCIAL COUNT	TOTAL BEACH LIABILITY *	TOTAL BEACH COUNT
BEAUFORT	0	0	0	0	0	0	0	0	0	0
BRUNSWICK	603,315,058	5,117	19,161,253	59	327,798,128	1,997	107,696,354	116	1,057,970,793	7,289
CAMDEN	0	0	0	0	0	0	0	0	0	0
CARTERET	211,520,229	3,045	6,025,330	43	366,731,499	2,139	389,463,160	299	973,740,218	5,526
CHOWAN	0	0	0	0	0	0	0	0	0	0
CRAVEN	0	0	0	0	0	0	0	0	0	0
CURRITUCK	445,147,533	2,443	2,993,100	10	91,083,927	400	45,411,590	78	584,636,150	2,931
DARE	860,062,182	8,907	40,887,244	200	417,356,300	2,699	522,130,056	800	1,840,435,782	12,606
HYDE	26,016,954	264	5,902,200	33	6,072,585	45	19,358,553	30	57,350,292	372
JONES	0	0	0	0	0	0	0	0	0	0
NEW HANOVER	288,342,107	2,129	21,869,247	112	305,464,942	1,360	285,655,922	253	881,332,218	3,854
ONSLow	69,388,878	859	1,099,551	11	34,764,482	227	34,966,973	15	140,219,884	1,112
PAMLICO	0	0	0	0	0	0	0	0	0	0
PASQUOTANK	0	0	0	0	0	0	0	0	0	0
PENDER	114,971,764	1,303	7,311,920	46	77,119,112	479	52,951,428	49	252,354,224	1,877
PERQUIMANS	0	0	0	0	0	0	0	0	0	0
TYRRELL	0	0	0	0	0	0	0	0	0	0
WASHINGTON	0	0	0	0	0	0	0	0	0	0
TOTAL	2,618,764,705	24,067	105,249,845	514	1,626,390,975	9,346	1,437,634,036	1,640	5,788,039,561	35,567

COUNTY	COASTAL HABITATIONAL LIABILITY *	COASTAL HABITATIONAL COUNT	COASTAL COMMERCIAL LIABILITY *	COASTAL COMMERCIAL COUNT	TOTAL COASTAL LIABILITY *	TOTAL COASTAL COUNT
BEAUFORT	3,077,948	26	1,543,000	1	4,620,948	27
BRUNSWICK	35,447,749	265	5,564,397	11	41,012,146	276
CAMDEN	855,500	9	130,000	1	785,500	10
CARTERET	69,859,622	491	28,056,730	42	97,916,352	533
CHOWAN	78,200	1	327,800	1	405,800	2
CRAVEN	2,163,140	22	16,990,402	9	19,153,542	31
CURRITUCK	10,141,720	90	1,826,519	8	11,968,239	98
DARE	9,070,665	58	25,945,520	26	35,016,185	84
HYDE	220,000	2	85,200	1	305,200	3
JONES	969,450	13	109,100	1	1,078,550	14
NEW HANOVER	94,845,869	525	67,744,352	43	162,590,221	568
ONSLow	33,524,938	247	6,740,841	8	40,265,579	255
PAMLICO	1,692,600	11	6,524,158	5	8,216,758	16
PASQUOTANK	2,550,750	29	1,874,400	3	4,425,150	32
PENDER	32,456,064	295	7,618,500	6	40,074,564	301
PERQUIMANS	872,700	9	160,000	1	1,032,700	10
TYRRELL	0	0	0	0	0	0
WASHINGTON	164,900	2	464,111	2	629,011	4
TOTAL	297,791,815	2,095	171,704,630	169	469,496,445	2,264

* Based upon the total Building and Personal Property amounts. Dwelling "other coverages," which are additional amounts of insurance based upon Coverage A and Commercial policy extensions of coverage, are not factored into this amount.

CATASTROPHE REPORT FOR CAT NUMBER : 66

DATE OF LOSS : 08/26/98 & 08/27/98

REPORT: 08/26/98 - 11/30/98

	<u>FAIR</u>	<u>BEACH</u>
NUMBER OF CLAIMS RECEIVED :		
COMMERCIAL - LINE 20	110	129
COMMERCIAL WIND - LINE 21	N/A	484
DWELLING - LINE 22	3,950	4,941
DWELLING WIND - LINE 23	N/A	2,631
FARM FIRE- LINE 27	26	N/A
TOTAL CLAIMS RECEIVED	4,086	8,185
NUMBER OF CLAIMS PAID :		
COMMERCIAL - LINE 20	78	87
COMMERCIAL WIND - LINE 21	N/A	302
DWELLING - LINE 22	3,042	3,942
DWELLING WIND - LINE 23	N/A	1,959
FARM FIRE- LINE 27	24	N/A
TOTAL CLAIMS PAID	3,144	6,290
PERCENTAGE OF CLOSED CLAIMS	91%	85%
NUMBER OF CLAIMS CLOSED WITHOUT PAYMENT :		
COMMERCIAL - LINE 20	20	19
COMMERCIAL WIND - LINE 21	N/A	28
DWELLING - LINE 22	553	449
DWELLING WIND - LINE 23	N/A	154
FARM FIRE- LINE 27	2	N/A
TOTAL CLOSED WITHOUT PAYMENT	575	650
AMOUNT PAID IN LOSSES :		
COMMERCIAL - LINE 20	\$ 462,432.52	\$ 899,398.16
COMMERCIAL WIND - LINE 21	N/A	\$ 21,732,197.20
DWELLING - LINE 22	\$ 5,552,740.03	\$ 16,170,668.43
DWELLING WIND - LINE 23	N/A	\$ 9,929,831.03
FARM FIRE- LINE 27	\$ 39,754.15	N/A
TOTAL PAID IN LOSSES	\$ 6,054,926.70	\$ 48,732,094.82
NUMBER OF PAID LOSS OUTSTANDING :		
COMMERCIAL - LINE 20	12	23
COMMERCIAL WIND - LINE 21	N/A	154
DWELLING - LINE 22	355	550
DWELLING WIND - LINE 23	N/A	518
FARM FIRE- LINE 27	-	N/A
TOTAL NUMBER OUTSTANDING	367	1,245
PAID LOSS RESERVES :		
COMMERCIAL - LINE 20	\$ 49,000.00	\$ 1,284,300.00
COMMERCIAL WIND - LINE 21	N/A	\$ 10,497,096.82
DWELLING - LINE 22	\$ 1,254,709.98	\$ 4,469,253.51
DWELLING WIND - LINE 23	N/A	\$ 4,454,450.89
FARM FIRE- LINE 27	-	N/A
TOTAL RESERVES OUTSTANDING	\$ 1,303,709.98	\$ 20,705,101.22
AMOUNT PAID IN EXPENSES :		
COMMERCIAL - LINE 20	\$ 33,727.12	\$ 52,314.77
COMMERCIAL WIND - LINE 21	N/A	\$ 459,077.29
DWELLING - LINE 22	\$ 716,145.39	\$ 1,314,694.63
DWELLING WIND - LINE 23	N/A	\$ 698,648.11
FARM FIRE- LINE 27	\$ 4,913.70	N/A
TOTAL PAID IN EXPENSES	\$ 754,786.21	\$ 2,524,734.80
EXPENSE RESERVES :		
COMMERCIAL - LINE 20	\$ 4,900.00	\$ 15,400.00
COMMERCIAL WIND - LINE 21	N/A	\$ 172,800.00
DWELLING - LINE 22	\$ 93,304.00	\$ 373,440.80
DWELLING WIND - LINE 23	N/A	\$ 476,400.00
FARM FIRE- LINE 27	-	N/A
TOTAL RESERVES OUTSTANDING	\$ 98,204.00	\$ 1,038,040.80
TOTAL INCURRED LOSSES	\$ 8,211,626.89	\$ 72,999,971.64

